

APPENDIX G

MANAGEMENT CONTROL EVALUATION CHECKLIST
VENDOR PAY OFFICESA.. Function

The functions covered by this checklist are for vendor pay offices.

B. Purpose

The purpose of this checklist is to assist the Operating Location (OPLOC) and Finance and Accounting Office (FAO) in evaluating the key management controls listed below. It will not cover all management controls.

C. Instructions

Answers must be based on the actual testing of key management controls (for example, document analysis, direct observations, sampling, simulation, other). Answers which indicate deficiencies must be explained and corrective action indicated in supporting documentation. Army organizations must review their controls periodically (using the checklist in this appendix) in accordance with the major command management control plan and certify that the evaluation has been conducted on Department of Army (DA) Form 11-2-R (Management Control Evaluation Certification Statement). To complete, Army organizations should follow directions in Army Regulation (AR) 11-2, Management Control. Defense Finance and Accounting Service - Indianapolis Center (DFAS-IN) OPLOCs will formally evaluate their controls in accordance with DFAS Regulation 5010.38-R, Internal Management Control Program, and specific instructions issued by DFAS-IN. Finance and Accounting Officers and OPLOC Directors are encouraged to use these controls as guidelines for day-to-day operations.

D. Test Questions (Negative answers indicate a management control weakness.)

1. Are the documents date-time stamped when they arrive?
2. Have they been reviewed to see if they have been sent to the proper vendor pay office?
3. Are the required signatures present?
4. Are unit prices included on the documents?
5. Is there a correct total dollar value on the procurement document?

6. Is a complete vendor address shown to mail check and does it match the address in the procurement document? or is the bank information present for electronic funds transfer (EFT)?
7. Is the contractor Holdup List reviewed to see if the vendor is listed?
8. If so, is there a procedure established to follow instructions on the Holdup List?
9. Are there special provisions in the procurement document that will affect payment (for example, meat or produce goods, progress or partial payments, advance payments, discounts, fast pay procedures)?
10. If so, is the payment file marked in a distinctive way?
11. Are payment files kept in a central control area?
12. Is a bills register card established for each procurement document?
13. Are the bills registers centrally filed by vendor name and/or procurement document number?
14. Are procurement documents reviewed for specific payment term?
15. If so, are there procedures to suspend payments or pay accordingly?
16. Is there a document waiting file arranged in suspense sequence?
17. If the procurement document must be modified before payment can be made, are procedures established to inform the contracting officer?
18. If supplies or services have been accepted when there was no valid procurement document, is there a procedure to notify the contracting officer and vendor for possible after-the-fact ratification?
19. Does the invoice include the procurement document number?
20. Is there a procurement document in effect with that document number?
21. Is the vendor name and address on the invoice the same as on the procurement document, or is there a proper document advising of a name and /or address change?
22. Are there procedures in effect to return an improper invoice within the proper time limit?

23. Is the invoice reviewed to see if it includes a cost-effective discount whether or not the procurement document does?

24. If so, is the payment document file marked appropriately and suspended to take advantage of the discount?

25. Is there a procedure to pay multiple invoices to one vendor at one office?

26. If the invoice is a copy of a lost or destroyed invoice, is it marked "ORIGINAL" and the file reviewed to ensure this is not a duplicate payment?

27. Are all required substantiating documents attached (for example, a freight receipt to show the vendor paid the carrier) to the invoice?

28. Is there a procedure to contact the vendor to request any missing but necessary substantiating documents?

29. If the invoice is not received after goods or services are accepted, is there a procedure to request the invoice?

30. If the invoice is not received after proper notification procedures, is the payment document file processed in according to DFAS-IN Regulation 37-1, paragraph 090411.

31. Are certifying officers signature cards on file?

32. Are precertified vouchers checked for substantiating documents, if required?

33. Are payment due dates established based on the date goods or services were accepted or the invoice received in the paying office, whichever is later?

34. Are only original, signed receiving reports accepted?

35. If not, is there a valid reason to accept other copies (for example, automated versions)?

36. Are payment due dates entered on all payment vouchers?

37. Is there a ready-to-work file established by suspense date to process documents by the due date?

38. Is there a suspense system to ensure payment is made on the due date?

39. Is there a procedure to identify and process payments under bankruptcy, assignment of claims, or off-set against a procurement document or vendor?

40. Do payment vouchers show the--
 - (a) Contract number?
 - (b) Period the payment covers?
 - (c) Name and address of vendor?
 - (d) Payment amount?
 - (e) Accounting classification?

41. Is there a procedure to check the bills register card to ensure there is no duplicate payment?

42. Are all computations checked for correctness?

43. If this is a partial payment, is it clearly marked as such on both the voucher and the bills register card?

44. If this is a final payment, is it clearly marked as such on both the voucher and the bills register?

45. If payment is being made on SF 44 (Purchase Order-Invoice-Voucher), are all relevant sections complete?

46. Can several payments to one vendor be consolidated into one voucher/payment?

47. Have all offers of discount been computed correctly and payment scheduled for the last day of the discount period?

48. Recurring payments of fixed amounts and periods need not have a receiving report from the receiving activity, but is procedures to ensure adjustments are made in the next payment if the vendor over-charges?

49. If this is an advance payment, are procedures established to verify that the payment can legally be made in advance?

50. Is there a procedure to receive paid vouchers and post information to the bills register card?

51. Does the payment amount agree with the terms of the procurement document and the receiving report?

52. Are items, quantities, and prices compared on the receiving report, invoice, and procurement document?

53. If fewer items were received and accepted than were ordered, is it standard procedure to pay for the accepted items and re-suspend the procurement document file for a future payment?

54. If this is a fast pay procurement document, is evidence of shipment determined before payment is processed?

55. Is there a procedure to get a receiving report before the document payment file is closed on fast pay procurements?

56. Are procedures established to issue Internal Revenue Service (IRS) Form 1099 (MISC Statement for Recipients of Miscellaneous Income) to non-corporation vendors paid \$600 or more for services and interest during the calendar year?

57. Is there a procedure to send final payment vouchers to the contracting officer?

58. Are all payment vouchers and attachments reviewed before being sent to disbursing?

59. Does the supervisor perform a random review of payment vouchers to determine that they are correct?

60. Is certifying authority delegated in writing to the supervisor or other authorized certifying officer?

61. If propriety or legality of a proposed payment appears doubtful, is there an established procedure to submit a request for advance decision to the Comptroller General?

62. If the payment will be so late it will require an interest penalty, is there a procedure to calculate the interest penalty and is it reviewed for correctness?

63. If the payment is for diesel fuel, is there a procedure for determining the amount exempted from excise tax and preparing a request for refund from the IRS each quarter?

64. In billing period payments, are procedures in effect to match shipments accepted to items invoiced within one period and a way to carry over those not paid for until the next billing period?

65. Is the travel section notified of prepayment of a registration fee to avoid a duplicate payment on a settlement voucher?

66. If the billing is from another U.S. Government agency, are there procedures to pay or reimburse that agency within 15 days without audit or verification of receipt of goods or services?

67. If so, are there procedures to verify receipt and make any necessary adjustments on future billings?

68. Is there a procedure to send all necessary completed documents to DFAS-IN?

69. Are there procedures to furnish guidance or training materials to certifying officers outside the finance office so they will understand their duties and responsibilities?

70. Is there a procedure to contact an outside certifying officer to check items which appear to be wrong?

71. Is there a procedure to send pre certified vouchers straight to disbursing?

72. If so, is there a procedure to randomly spot check them for accuracy and completeness?

73. Are all numbered vouchers shown on the Standard Form (SF) 1129 (Reimbursement Voucher) attached?

74. Did the imprest fund cashier and approving authority sign the SF 1129?

75. Did the claimant and approving authority sign the SF 1164 (Claim for Reimbursement for Expenditures on Official Business)?

76. Did the vendor, the person authorized to make the purchase, and the receiving officer sign SF 1165 (Receipt for Cash - Sub voucher)?

77. Do the totals on the sub voucher equal the amount to be reimbursed shown on the SF 1129?

78. Do the totals by accounting classification on the sub vouchers agree with the totals shown on the SF 1129?

79. In situations where a carrier is paid for personal property transportation, is any excess cost collected from the service member?

80. When household goods are packed, crated, and shipped, are any excess costs collected from the service member?

81. Are the proper documents attached before paying a local contractor for paying, packing, and so forth?

82. Is there a procedure to pay claims from military or civilian personnel for reimbursement for shipping household goods and baggage at their personal expense?
83. For do-it-yourself (DITY) moves, are there procedures to--
- (a) Pay the traveler as soon as possible after the bill is presented?
 - (b) Verify that the proper documents are attached?
 - (c) Check with the travel office to determine whether a travel voucher has been submitted for the move?
 - (d) Determine that the invoice is in the proper office and, if not, inform the traveler of the proper OPLOC/FAO to bill?
 - (e) Inform the transportation officer if a greater amount has been billed than called for on the original Department of Defense (DD) Form 1155 so that he or she may amend it?
 - (f) Furnish a copy of the paid DD Form 1155 to the travel office?
84. For small shipments paid on commercial forms, is there a procedure to--
- (a) Pay at origin or destination before the service is completed when the origin carrier presents the ticket, receipt, or equivalent document?
 - (b) If so, are proper records kept for later recovery if the shipment is not received in good order?
 - (c) Verify and post payment data to the bills register card?
 - (d) Establish firm review procedures to prevent duplicate payments?
 - (e) Review payments on a statistical basis?
 - (f) Send the vouchers to DFAS-IN as disbursing officer's accounts?
 - (g) Pay a supplemental claim or send those involving a question of law or fact to the General Services Administration (GSA)?
 - (h) Begin claims action if the transportation officer determines there is a weight shortage or loss in the shipment which has reduced the freight charge?

(i) Credit the correct appropriation for contract adjustments made from contracting officer/contractor negotiations after goods were initially rejected?

(j) Process approved claims quickly to reimburse personal property owners for damages and shortages?

85. On car rentals from the GSA Interagency Motor Pool, are there procedures to--

(a) Get one copy of GSA Form 312 (Trip Ticket) from the travel section?

(b) Use GSA Form 312 to obligate funds and pay GSA?

86. For payments to commercial car rental companies, are there procedures to--

(a) Ensure the invoice contains all required information and attachments - standard trip ticket, copy of travelers' orders, make and model of car, mileage, and time vehicle was used?

(b) Ensure there are no charges for maintenance or other operational or repair expenses?

(c) Ensure there are no charges for additional insurance except in overseas locations where the laws of the country require it?

(d) Ensure that any claim for reimbursement for personal funds paid for damage to the vehicle is paid only if the car was being driven on official business?

87. If the payment is to a car rental company for charges not paid by a soldier or civilian employee on temporary duty (TDY)--

(a) Are the charges legal and proper?

(b) Is the charge checked against the individual's travel record to ensure it has not already been paid?

(c) If not, is the travel record annotated to show the payment was made to the vendor?

(d) If so, is the bill sent to the traveler for direct payment to the vendor?